



### **Oceanus Group Limited**

31 Harrison Road

#11-03/04 Food Empire Building

Singapore 369 649

Tel: +65 6285 0500

Fax: +65 6280 0822

(Incorporated in the Republic of Singapore under Registration Number: 199805793D)

---

## **ADJUSTMENTS AND RECLASSIFICATIONS TO THE UNAUDITED FIGURES IN THE FULL YEAR RESULTS ANNOUNCEMENT AND CLARIFICATIONS ON THE FULL RESULTS ANNOUNCEMENT**

---

The Board of Directors of Oceanus Group Limited (the “**Group**”) refers to the audited financial statements for the financial year ended 31 December 2016 in the Group’s Annual Report 2016 (the “**Audited Financial Statements**”) and the announcement on the unaudited financial statements for the financial year ended 31 December 2016 on 24 February 2017 (the “**Full Year Unaudited Results Announcement**”).

Pursuant to Rule 704(6) of the Listing Manual of the SGX-ST, the board wishes to inform that there are deviations to the unaudited results after the completion of the financial statement audit.

The main causes of the variances between the announced unaudited results and the audited results are due to adjustments in fair values of the following two areas:

- (1) Property, plant and equipment;
- (2) Convertible loan

The valuation reports of the above items were issued after 24 February 2017 or after the announcement of the full year unaudited results.

The adjustments and reclassifications resulted in a decrease of RMB14 million to the net assets of the Group as at 31 December 2016 and a reduction of RMB39 million to the Group’s loss for the year for the financial year ended 31 December 2016, each as compared to the respective preliminary results disclosed in the preliminary FY2016 results announcement. Further details on the adjustments and reclassifications are set out in the tables as shown below.

A comparison of audited results and unaudited for the financial year ended 31 December 2016 is set as below:

### CONSOLIDATED INCOME STATEMENT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Audited Results	Unaudited	Difference		Note
	RMB'000	Results RMB'000	RMB'000	%	
Sales of Aquaculture products	10,375	9,608	767	8%	PL1
(Loss)/Gain arising from changes in fair value					
less cost to sell of biological assets	9,554	5,748	3,806	66%	PL2
Sales of processed marine products	10,375	9,608	767	8%	PL3
Foreign currency gain/(loss)	-	9,950	(9,950)	-100%	
Other operating income	8,481	12,844	(4,363)	-34%	PL4
Changes in inventories	(5,932)	(3,901)	(2,031)	-52%	PL5
Feed used	(4,563)	(250)	(4,313)	-1725%	
Electricity, fuel and water	(873)	(860)	(13)	-2%	
Staff costs	(7,602)	(7,131)	(471)	-7%	PL6
Amortisation of prepaid leases	(230)	-	(230)	-100%	
Impairment loss on prepaid lease	(83)	-	(83)	-100%	PL7
Reversal/(Impairment) loss on property, plant and equipment	(9,142)	-	(9,142)	-100%	PL8
Depreciation	(34,749)	(56,914)	22,165	39%	PL9
Other operating expenses	(9,362)	(11,136)	1,774	16%	
Finance cost	(17,791)	(59,140)	41,349	70%	PL10
<b>Profit before tax</b>	<b>(61,917)</b>	<b>(101,182)</b>			
Income tax	-	-	-	0%	
<b>Profit after tax</b>	<b>(61,917)</b>	<b>(101,182)</b>	39,265	39%	
Discontinued operations	(319)	(936)	617	66%	PL11
	<b>(62,236)</b>	<b>(102,118)</b>			

## Explanatory Notes – Income Statement

### A) Adjustments to arising upon completion of valuation report

PL2. Changes in fair value less cost to sell of biological assets were due to adjustments according to valuation report by an independent valuer.

PL7. Impairment loss on prepaid lease amounting to RMB83,000 was provided based on the fair value less cost to sale valued by an independent valuer and the impairment loss provided for the full amount of Dongshan prepaid lease.

PL8. Impairment loss on property, plant and equipment amounting to RMB9.1 m was provided based on the fair value less cost to sale valued by an independent valuer.

### B) Reclassification

PL3. Reclassification of processed marine products to aquaculture products.

### C) Other adjustments

PL1. Adjustment of sales due to RMB0.7 m reported in management account.

PL4. An amount of RMB6.5 m for foreign currency gain was recognised by Oceanus Food Group (HK) arising from the revaluation of SGD denominated intercompany payables at year end rate under other operating income. A reversal of RMB11.9 m for payables and expenses written off to other income for Oceanus (China) Aquaculture Co Ltd.

PL5. Changes in inventories were due to adjustments according to valuation report.

PL6. Under accrual of Social Security Insurance for administration staffs and manufacturing employees.

PL9. Significant decreases by RMB22.1 m is mainly due to the accumulated impairment loss on property, plant and equipment of RMB314.2 m not reflected in the PPE register maintained by the management for the computation of FY 2016 on depreciation charged.

PL10. Significant decrease by RMB41.3m is mainly due to reversal of notional interest of convertible bond.

PL11. Discontinued Operation's profit increased by RMB0.6 m mainly due to the reversal of impairment loss on the inter company receivables.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Audit Results RMB'000	Unaudited Results RMB'000	Difference RMB'000	Note
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and bank balances	9,545	7,181	2,364	BS1
Trade receivables	11	14	(3)	
Other receivables	5,025	(2,761)	7,786	BS2
Inventories	180	72	108	BS3
Biological assets	6,404	8,529	(2,125)	BS4
<b>Total current assets</b>	<b>21,165</b>	<b>13,035</b>		
<b>Non-current assets</b>				
Property, plant and equipment	154,645	141,776	12,869	BS5
Prepaid lease	6,007	7,011	(1,004)	BS6
<b>Total non-current assets</b>	<b>160,652</b>	<b>148,787</b>		
<b>Total assets</b>	<b>181,817</b>	<b>161,822</b>		
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade payables	10,676	3,592	7,084	BS7
Other payables	121,581	107,518	14,063	BS8
Current tax payable	23,948	23,948	-	
Loans and borrowings	8,316	-	8,316	BS9
Convertible loan	308,774	286,032	22,742	BS10
Derivative liabilities	147,549	170,700	(23,151)	BS10
<b>Total current liabilities</b>	<b>620,844</b>	<b>591,790</b>		
<b>Non-current liabilities</b>				
Convertible loan	44,122	34,582	9,540	BS10
Derivative liabilities	-	1,922	(1,922)	BS10
Loans and borrowings	7,649	8,393	(744)	BS9
Deferred taxes	-	2,014	(2,014)	BS11
<b>Total non-current liabilities</b>	<b>51,771</b>	<b>46,911</b>		
<b>Total liabilities</b>	<b>672,615</b>	<b>638,701</b>		
<b>Capital and reserves</b>				
Share capital	2,413,255	2,413,255	-	
Capital reserve	(1,137,504)	(1,137,504)	-	
Statutory reserve	39,262	39,262	-	
Currency translation reserve	(994)	27,417	(28,411)	BS12
Warrant reserve	101,651	162,066	(60,415)	BS13
Accumulated (losses)/profits b/f	(1,844,232)	(1,879,257)	35,025	BS14
Current period (losses)/profits	(62,236)	(102,118)	39,882	BS15
<b>Total equity</b>	<b>(490,798)</b>	<b>(476,879)</b>		
<b>Total liabilities and equity</b>	<b>181,817</b>	<b>161,822</b>		

## Explanatory Notes – Statement of Financial Position

### A) Adjustments to arising upon completion of valuation report

BS4. The increase of biological assets is due to the adjustments according to valuation report by an independent valuer.

### B) Other adjustments

BS1. The increase of cash and bank balances is due to the inaccurate bank balance recorded in Zhangzhou Oceanus Food Co., Ltd.

BS2. The increase of other receivables is mainly due to the impairment loss on the other receivables and reclassification adjustment from other payables.

BS3. Adjustment of inventory due to RMB108,000 not reported in management account.

BS5. The increase of net book value of property, plant and equipment is due to over provision of depreciation of impaired assets in management accounts.

BS6. The decrease of the carrying value of prepaid leases amounting to RMB1 m is mainly due to the impairment loss provided in the current year of RMB83,000 and the over provision of RMB259,000 for the amortisation cost for impaired assets in Oceanus (China) Aquaculture Co Ltd and the reclassification from prepaid leases to other receivables.

BS7. The increase of RMB7 m in trade payables due to reversal of trade payables written off to other income.

BS8. The increase of RMB14m in other payables is mainly due to reversal of other payables written off to other income amounting to RMB4.3 m and the accrual of professional fee of RMB9.8 M carried forward from FY2015 audited financial statement.

BS9. The decrease is mainly due to the reclassification from loan and borrowings to other payables.

BS10. Reversal of notional interest charged on convertible loan.

BS11. Deferred tax liabilities have been reversed in FY 2015 audited financial statements.

BS12. Changes arose from the transaction rate versus year end rate adjusting for the above mentioned audit adjustments.

BS13. Management did not estimate the fair value of the new convertible bonds upon the de-recognition of the original convertible bonds, the fair value of warrants issued to holders of the new convertible bonds, and the allocation of the carrying amount of the new convertible bonds to the liability and equity components upon initial recognition, following the extinguishment of the original convertible bonds. The related accounting entries passed previously were reversed accordingly.

BS14. Adjustment for retained earnings brought forward in order to tie back to FY 2015 audited financial statements.

BS15. Reversal of finance cost of RMB41 m, overprovided depreciation of RMB22.2 m and impairment loss on property, plant and equipment of RMB9.1 m.

3. Material adjustment to cash flow statement in the Full Year Results Announcement:

Adjustments stated above have not materially affected the way the cash flow statement presented.

BY ORDER OF THE BOARD

Peter Koh Heng Kang  
Executive Director and Chief Executive Officer  
7 December 2017